DON Purchase Card Certification Course
Lesson 1, Part I

# Introduction

**WinSALTS Approving Official Course**

1                                        November 2005

This is a Department of the Navy Purchase Card Certification Course.   Please click the forward arrow to begin your training.

DON Purchase Card Certification Course

# Lesson 1, Part I Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities    (Part I)

- Explain the organization and the purpose of the Purchase Card *Hierarchy System*    (Part II)

- List the major steps to *Establishing a Purchase Card Program*    (Part II)

2                                November 2005

This first lesson is an overview of the Purchase Card Program.  It will introduce you to the roles and functions of the major players in the program.

Before you start this lesson, read over the training objectives listed here.  The first objective is covered in this part of lesson 1 where as objectives 2 & 3 are discussed in part 2.  Upon completion of this course, you will be tested on these objectives and the objectives of the other lessons.   When you finish reading these objectives, click the forward arrow to continue.

# Program Overview

We will discuss:

- Major Players

- Hierarchy System

- Establishing a Purchase Card Program

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November 2005

In this first part of the overview, we will discuss the major players and their main functions within the program.   We'll also discuss how an activity establishes a Purchase Card Program.    In part 2 of this lesson we'll discuss one of the main underlining program concepts, namely, the program hierarchy structure.

Click the forward arrow now to continue.

# Major Players

- Program Manager

- Head of Activity (HA)

- Agency Program Coordinator (APC)

- Approving Official (AO)

- Cardholder (CH)

- MasterCard

- Citibank

4                                November 2005

The success of the DON Purchase Card Program depends on the individuals who actively participate in its operation.

The key players in the program include the Program Manager, the Head of Activity, the Agency Program Coordinator, the Approving Official, the Cardholder, MasterCard, and Citibank. Let's briefly discuss each of these Purchase Card Program roles.    Click the forward arrow to continue.

# Program Manager

The Program Manager for the Department of the Navy Purchase Card Program  is the DON Consolidated Card Program Management Division.

Program Management Office responsibilities include:

- Issuing the Purchase Card Program instruction, policy and training products
- Overseeing daily operations
- Coordinating, hosting, and participating in annual APC Purchase Card Conferences

5                                            November 2005

The Consolidated Cards Program Management Division of NAVSUP is the Department of the Navy's Purchase Card Program Program Manager.  This group issues the Purchase Card Program instruction, policy announcements, and training products.  They oversee the daily operations of the Purchase Card Program. They also coordinate, host, and participate in annual APC purchase card conferences.

Please click the forward arrow

# Head of Activity

- The Head of Activity is the activity's commanding officer or high level senior management official.

- The HA is responsible for overseeing an activity's local Purchase Card Program.

6                              November 2005

The Head of Activity, HA, is usually the activity's commanding officer or high-level senior management official. The HA is responsible for overseeing an activity's local Purchase Card Program.   One of the HA's main responsibilities is the selection and delegation of an APC to manage the local program.

Click the forward arrow now to review the role played by the Agency Program Coordinator.

# Agency Program Coordinator

- The Agency Program Coordinator is the local activity's Purchase Card Program Manager.

- APCs are the local program managers of their activity's Purchase Card Program.

7                                November 2005

The Agency Program Coordinator, or APC, is the local activity's Purchase Card Program manager.   APCs are assigned to one of three hierarchal levels. These levels are at the major component level, the region or the local activity.   APCs, regardless of the hierarchy level,  are the managers of their agency's Purchase Card Program and the main liaison into the DON Consolidated Card Program Management Division.

Please click the forward arrow to continue.

# Approving Official

The Approving Official is *usually* the Cardholder's supervisor.

The AO is responsible for …...

- Monthly reviews
- Approval and certification of Cardholders' Purchase Card transaction statements

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November 2005

The Approving Official, AO, is usually the Cardholder's supervisor and is responsible for the monthly review, approval, and certification of Cardholders' Purchase Card bank statements.    It is the AO responsibility to certify the monthly bank statement for payment.

Click the forward arrow to continue.

# Cardholder

The Cardholder …

- Makes and Records Purchase Card Purchases,

- Follows Through With Receipt of Goods and Services,

- Reviews and Reconciles the Monthly Bank Statements

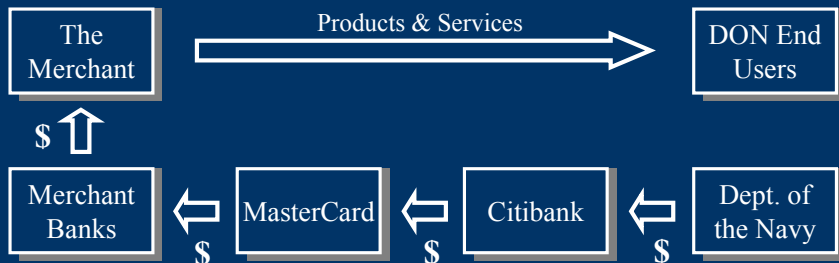9                              November 2005

The Cardholder is the person who makes and records the Purchase Card transactions, then follows through with receipt of the goods and services. The Cardholders are responsible for reviewing and reconciling their monthly bank statement before their AO certifies it for payment .

Please click the forward arrow now to continue.

# MasterCard

MasterCard receives *payment requests* from banks of merchants from whom Cardholders purchase goods and services and then forwards the payment requests to Citibank.

```
  The                   Products & Services              DON End
Merchant   ──────────────────────────────────▶           Users

  $ ⇧

Merchant  ⇐   MasterCard  ⇐   Citibank   ⇐   Dept. of
 Banks    $                $              $   the Navy
```

10                    November 2005

MasterCard is the credit card company that grants Citibank permission to issue charge cards to the Department of the Navy's Purchase Card Program.   This chart shows the cash flow in the system as the result of a Purchase Card transaction.

The merchant processes the transaction through MasterCard; funds are transferred into the Merchant's bank account.   MasterCard then recoups these funds from Citibank.   Citibank generates monthly invoices for each DON Purchase Card Program Cardholder and ultimately recoups it's funds from the Department of the Navy.

Click the forward arrow to continue.

# **Citibank**

_____

- Citibank is the DON contractor who creates the Purchase Card Program invoices and forwards them to DON for reimbursement.

- The Purchase Card Program *Cardholders* and *Approving Officials***:**
    - <u>receive</u>, <u>review</u>, <u>reconcile</u>, <u>approve</u> and <u>submit</u>

    the monthly invoices for payment to Citibank from the US Treasury.

11                                     November 2005

Citibank is the Department of the Navy's Purchase Card Program contractor bank.  Citibank creates and supports the charge card accounts used by the DON Purchase Card Program.  Citibank generates the monthly statements and forwards them to the Department of the Navy for reimbursement.

The Purchase Card Program Cardholders and Approving Officials receive, review, reconcile and approve the monthly bank statements.   The certified statements are then submitted to the US Treasury for payment to Citibank.

This completes our overview of the roles and responsibilities of the major players in the program.  Our next topic of discussion is the concept of hierarchies within the program.    This bank system hierarchy is the main topic covered in Part II of this lesson.

Click the forward arrow now to review this lesson's objectives.

DON Purchase Card Certification Course

# Review of Objectives

You should now be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities (REVIEW)

- Explain the organization and the purpose of the Purchase Card *Hierarchy System* (Part II)

- List the major steps to *Establishing a Purchase Card Program* (Part II)

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November 2005

This concludes Part I of Lesson 1. Take a minute to review this lesson's objectives. If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic. When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 1, Part I

# Introduction

**WinSALTS Approving Official Course**

13    November 2005

This concludes Part I of Lesson 1.   Click on the "HOME' button icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Lesson 1, Part II to continue your training.

DON Purchase Card Certification Course

Lesson 1, Part II

# Introduction

**WinSALTS Approving Official Course**

14                                    November 2005

This is lesson 1, part 2 of the Department of the Navy Purchase Card Program Certification Course.   Please click the forward arrow to review this lesson's objectives.

DON Purchase Card Certification Course

# Lesson 1, Part II, Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities

- Explain the organization and the purpose of the Purchase Card *Hierarchy System*

- List the major steps to *Establishing a Purchase Card Program*

15                    November 2005

In this part of lesson 1 we will discuss the Citibank Hierarchy Structure and the steps required to establish a Purchase Card Program, the second and third training objectives listed here. The first objective was covered in part 1of this lesson.

Before proceeding, read over these objectives. When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are confident that you understand these objectives, click the forward arrow to continue.

# Citibank Hierarchy System

In order for Citibank to track its Government Purchase Card account transactions, they use:

- a *hierarchal* system

- consisting of *seven ( 7 ) levels*

- based on federal government
  *Unit Identification Codes* ( UIC ).

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November 2005

Citibank uses a hierarchal system consisting of 7 levels to track its government Purchase Card account transactions.   The levels are based on the federal government unit identification codes, or UICs.

Please click the forward arrow to continue.

# Hierarchy System

The hierarchy system includes:

- **Level 1** – Department of Defense (UIC:01700)

- **Level 2** – Department of the Navy (UIC:00017)

- **Level 3** – Navy major Components and Marine Corps Headquarters

- **Level 4** – APC

- **Level 5** – APC

- **Level 6** – AO

- **Level 7** – Cardholder  (e.g. 999999999999999)

17

November 2005

At the top of the bank's hierarchy is the Department of Defense at level 1.   DoD's UIC is 01700.
Level 2 is the Department of the Navy with a  UIC of 00017.

The DON Major Components are Level 3.

Levels 4 and 5 are Department of the Navy activities which fall under their respective major components. Each major component has a Level 3 APC and most have at least one Level 4 APC. Every major component also has at least one Level 5 APC. There is at least one Approving Official for each Level 5 APC.

There is a UIC for each level, with the exception of the Cardholders at Level 7. Cardholders are identified via their 16-digit Purchase Card account numbers.

Please click the forward arrow to continue.

# Complete Hierarchy Codes

01700  00017  00023  00020  00025  99528  9999999999999999

Here is an example of a Cardholder's complete hierarchy number, which includes Levels 1 through 7.
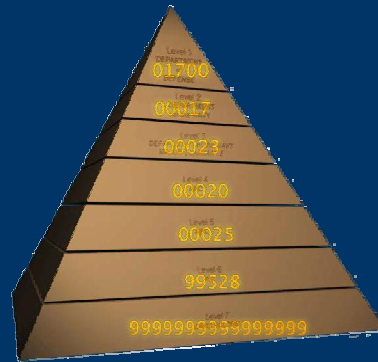


18          November 2005

To help you better understand the hierarchy system, here's an example of a Cardholder's entire hierarchy number, which includes Levels 1 - 7.

The first and second sets of numbers, 01700 and 00017, represent the DoD and the Department of the Navy.
The third set, 00023, is the Level 3 APC for NAVSUP.
The Level 4 APC is represented by the fourth set of numbers, 00020, and the fifth set, 00025 is the Level 5 APCs.
The sixth set of numbers, 99528, is the Level 6 AO.
And, finally the seventh number set, the 16-digit number, is the Cardholder at Level 7.

A string of numbers like this uniquely identifies each CitiDirect account and clearly establishes ownership for all purchases made with that charge card.

Now let's look at how these levels and structure relate to each other.   Click the forward arrow to continue.

# Hierarchy System

DON Purchase Card Program hierarchies distinguish chains of command.

- Cardholder report to AOs
- AOs report to Level 5 APCs
- Level 5 APCs report to Level 4 APCs (when existing)
- Level 4 APCs report to Level 3 APCs
- Level 3 APCs report to DON
- DON reports to DOD

19                                    November 2005

Hierarchies within the Purchase Card Program may be interpreted as chains of command. For instance, Cardholders report to their AOs, who report to their Level 5 APCs, who can report to a Level 4 APCs and Level 4 APCs report to their Level 3 APCs.

A small command might not have a Level 4 APC.  In this case, the Level 5 APCs would report directly to their Level 3 APC. Now that we've discussed the major players and hierarchies, let's take a look at how an activity establishes a Purchase Card Program.   Realize that most activities already have programs in place, so this discuss is meant to provide a historical prospective.

Click the forward arrow now.

# Establishing a PC Program

The Head of Activity (HA):

- Determines the need for a local Purchase Card Program

- Requests authority to establish a local Purchase Card Program from the Head of Contracting Activity (HCA)

- Selects the APC

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November 2005

The next three slides explain the process used to establish a Purchase Card Program.

First, the Head of Activity determines the need for a local Purchase Card Program, in order to support the organization's mission. This determination is based upon historical data, current mission requirements, and DoD regulations as to how purchases under the micro-purchase limit are to be made.

Next, the HA requests authority to establish a local Purchase Card Program from the Head of Contracting Activity, or HCA.    If the HCA approves the HA's request, it provides the activity with written authorization to establish a Purchase Card Program.

Finally, the Head of Activity selects an APC to manage the local program.   Click the forward arrow to continue.

# Establishing a PC Program

Before an APC is appointed by the HA, the candidate must:

- Successfully complete DOD/DON Purchase Card Training

- Establish a hierarchy number with Citibank

- Create Internal Operating procedures (IOP) based on the DON CCPMDINST 4200.1B guidelines

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November 2005

Before an APC is appointed by the HA, the candidate must successfully complete the mandated Department of Defense and Department of the Navy Purchase Card Training.

Following official written appointment, the APC can set up the activity's hierarchy structure with Citibank. After the hierarchy structure is established, the APC must create an Internal Operating Procedures for the Purchase Card Program. The IOP is based on the Consolidated Cards Program Management Division's Purchase Card Instruction and Purchase Card Program Desk Guides. The IOP must meet or exceed the rules and guidelines specified in these documents.

Click the forward arrow to continue.

# Establishing a PC Program

## The HA and APC:

- Delegate AOs and Cardholders upon successful completion their DOD/DON Purchase Card Training

- Perform AO and Cardholder account setups after written approval

22                              November 2005

Delegation of the Approving Officials and Cardholders is the last major step in the setup process. The HA and/or APC must select individuals to fill these positions. They can be delegated to their Purchase Card Program responsibilities only after successful completion of the mandated training.

After written delegation and completion of training, the APC can setup the AO and Cardholder accounts.   This concludes our discussion of the basic process for establishing a Purchase Card program.

Please click the forward arrow to continue.

# Mid-Lesson Summary

Now that you are familiar with:

- the *major players* of a DON Purchase Card Program

- its *hierarchy levels*

- their *interrelationships*, and

- Program *establishment* ……

let's continue with the overall purpose of the Program.

23                    November 2005

Now that you are familiar with the major players in the Purchase Card Program, its hierarchy structure, their interrelationships and how a program is established within a command, let's look at the overall purpose of the Purchase Card Program.

Click the forward arrow to continue.

# PC Program Background

- **The need for the Purchase Card Program began with _Executive Order 12352, "Procurement Reform",_ issued in 1982.**

- **DON issued a tailored _Task Order, DON-9700-003,_ to Citibank on July 6, 1998 to provide these worldwide purchase card services.**

24                         November 2005

The need for the Purchase Card Program was identified in Executive Order 12352, Procurement Reform, issued in 1982.   The Department of the Navy selected Citibank as its contractor and issued a tailored task order on July 6, 1998, for Citibank to provide worldwide Purchase Card services.

Please click the forward arrow now.

# PC Program Purpose

- The Purchase Card Program is intended to:
    - streamline small purchase methods,
    - minimize paperwork, and
    - streamline payment processes.

- It was developed to provide a *fast and convenient* method to pay for all requirements under the *__micro-purchase threshold__* of $2,500.

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November 2005

The Purchase Card Program is intended to simplify small purchase methods, minimize paperwork and streamline the payment process. It was developed to provide a fast and convenient method to pay for all requirements under the micro-purchase threshold which is $2,500.

The Program is intended to provide Department of the Navy civilian and military employees a convenient and commercially available payment method to make necessary acquisitions.

Click the forward arrow to continue.

# Purchase Card Use

- The Purchase Card is used to purchase *supplies and services* for official government business valued at or below the micro-purchase threshold **($2,500).**

- It may be used as a *method of payment* in conjunction with other contracting methods above the micro-purchase threshold up to **$9,999,900.**

26                    November 2005

DoD and DON policy both state that the Purchase Card shall be used to purchase supplies and services for official government business valued at or below the micro-purchase threshold which is $2,500.

In addition, it may be used as a method of payment in conjunction with other contracting methods for acquisition above the micro-purchase threshold up to $9,999,900, depending on the type of contracting vehicle utilized.

This concludes lesson 1 of the Purchase Card Certification course. Click the forward arrow now to review this lessons objectives.

DON Purchase Card Certification Course

# Review of Objectives

You should now be able to:

- Identify the *Major Players* in Purchase Card Program and explain their responsibilities

- Explain the organization and the purpose of the Purchase Card *Hierarchy System*   (REVIEW)

- List the major steps to *Establishing a Purchase Card Program*   (REVIEW)

27                                          November 2005

Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to proceed.

DON Purchase Card Certification Course
Lesson 1, Part II

# Introduction

**WinSALTS Approving Official Course**

28                              November 2005

This concludes lesson 1.   Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.    At the main menu, click on lesson 2 to continue your training.

DON Purchase Card Certification Course
Lesson 2, Part I

# Cardholder Management

**WinSALTS Approving Official Course**

1                                    November 2005

This is Lesson 2, Part I, of the WinSALTS Approving Official Certification Course.    Click the forward arrow and we'll review this lessons training objectives.

DON Purchase Card Certification Course

# Lesson 2, Part I Learning Objectives

Upon successful completion of this lesson, you will be able to:

- Explain the AO's supervisory role regarding the Purchase Cardholder

- Explain the monthly statement reconciliation process

- List the 5 AO responsibilities regarding the monthly process

- Introduction to the WinSALTS system

2    November 2005

The first lesson introduced you to the Approving Official's functions and responsibilities. This lesson discusses AO Cardholder management responsibilities. Cardholder management requires a thorough understanding of the Purchase Card Program rules and procedures. This lesson will guide you through those that are particularly important to you as an AO.

Before proceeding, read over the training objectives listed here.   When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are confident that you understand these objectives, click the forward arrow to continue.

As an AO, you are the Cardholder's supervisor regarding all Purchase Card Program issues. Ideally, the AO should be the Cardholder's direct supervisor or at least in their direct line of authority.

There are some restrictions regarding AO's and cardholders and their relationships.  Click the forward arrow now for a discussion of these restrictions.

# AO as Cardholder

Individuals designated as Approving Officials:

- Should not be Cardholders

- If they are Cardholders, they can NOT be their own AO!

4    November 2005

The main AO-Cardholder restriction is designed to avoid a major conflict of interest. If you are designated as an AO, you are not normally also a Cardholder. However, if personnel considerations require that you be a Cardholder, you absolutely cannot be your own AO. This would put the AO in the unacceptable position of certifying their own statements for payment.

Now let's look at the process of reviewing and reconciling cardholder statements; click the forward arrow now.

*Reviewing & Reconciling*
# Cardholder Statements

The reconciliation process:

- Reconcile receipts against statements and Purchase Logs

- Authorize payment or initiate action
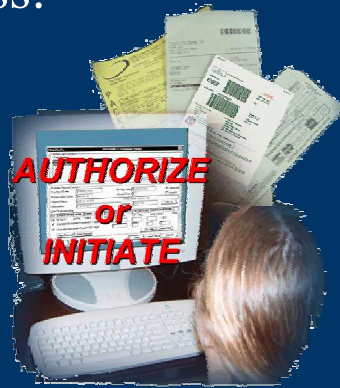
5                     November 2005

Reconciliation is the process by which the AO and the Cardholder review the monthly bank statement and reconcile each transaction against available vendor receipts and purchase logs.

Once completed, you either authorize payment or initiate some other appropriate action depending on the circumstances.   Examples of "other circumstances" would include contacting a vendor to resolve an erroneous transaction, disputing a charge or further investigating a potentially fraudulent charge.

Click the forward arrow to continue.

Let's review the AO's responsibilities regarding the review and reconciliation of cardholders' transactions.  The AO is responsible for the following specific items:

1)  The AO must ensure all purchases are appropriate and that the charges are accurate.
2)  The AO must verify that supporting transaction documentation exists prior to certifying the monthly invoice.
3)  The AO must notify the commanding officer and the APC of any unauthorized purchases, including those that indicate fraud, non-compliance, misuse or abuse.
4)  The AO must ensure proper receipt, acceptance and inspection for all items certified for payment, and finally,
5)  The AO must certify the monthly invoice in a manner that maximizes Purchase Card rebates and minimizes interest penalties. Interest penalties begin accruing on the   31st day after receipt of the official invoice.
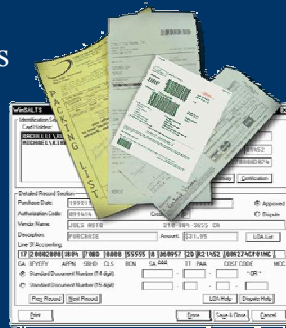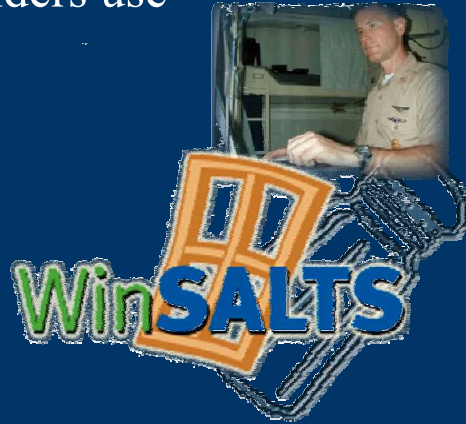
Remember, in your role as Purchase Card Approving Official, you are fiscally liable for the payments you certify.

Click the forward arrow now for an introduction to the WinSALTS software.

*Reviewing & Reconciling*
# Cardholder Statements

The AO and Cardholders use WinSALTS to:

- Receive
- Reconcile
- Approve
- Transmit Purchase Card statements

7

November 2005

SALTS is a communication channel used by the Fleet to meet a variety of data transmission needs. One of these needs is to transmit the bank's monthly Purchase Card statements to the Fleet-based members of the Program. WinSALTS is A Windows-based software tool used to reconciliation and approve of the bank statement. WinSALTS is also used to transmit the certified statement back to the bank as authorization for payment.

There is an additional lesson titled," WinSALTS Purchase Card Statement Certification" which is accessed from the Purchase Card Training webpage. Click the forward arrow now for more details on how to access this additional lesson.
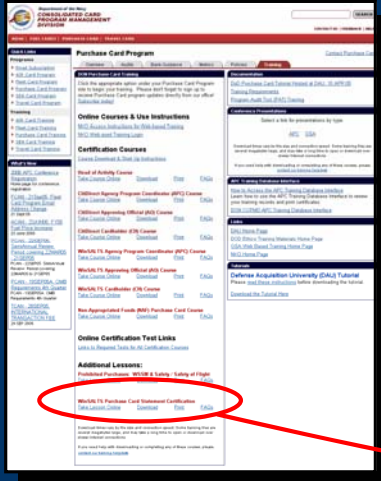
The DON CCPMD Purchase Card Training webpage is shown on the left of this slide; the first page of the WinSALT supplemental lesson is shown on the right. This lesson is accessed by clicking the link which is circled in red. As the sub-title states, this is a step-by-step, narrated explanation of how to use WinSALTS to certify a bank statement.

When you complete all four lessons of this course, it is recommended that you go to the website listed here and review this Additional WinSALTS lesson. Click the forward arrow now to review this lesson's objectives.

DON Purchase Card Certification Course

# Review of Objectives

You should now be able to:

- Explain the AO's supervisory role regarding the Purchase Cardholder  (Review)

- Explain the monthly statement reconciliation process  (Review)

- List the 5 AO responsibilities regarding the monthly process  (Review)

- Introduction to the WinSALTS system  (Review)

9                              November 2005

This concludes Lesson 2, Part I of the AO Certification course.   Take a minute to review the objectives listed here.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.    When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to proceed.

Congratulations! You have completed Part I of Lesson 2, Cardholder Management.  Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Lesson 2, Part II to continue your training.

This is Lesson 2,  Part II of the Purchase Card Approving Official Certification Course. Please click the forward arrow to continue.

DON Purchase Card Certification Course

# Lesson 2, Part II Learning Objectives

Upon successful completion of this lesson, you will be able to:

- List primary regulations governing Purchase Card Program
- State location of Cardholder transaction authorization
- Explain function of Merchant Category Code blocks
- List the 2 main Cardholder purchase limits
- What is the Single purchase limit as a method of payment to a government supply source for a simplified acquisition
- Criteria for using Purchase Card as IDTC method of payment
- Six primary responsibilities of AO as the Certifying Officer

12                                  November 2005

Part I of this lesson covered the review and certification of the cardholder's statements. This second part of lesson 2 will guide you through those Purchase Card Program rules and procedures that are important to you as the AO.

Before proceeding, read over the training objectives listed here. When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are confident that you understand these objectives, click the forward arrow to continue.

# Transaction Verification

## AO is responsible for:

- Verifying necessity of Cardholder transactions

- Applying FAR and other government agency policies



13                    November 2005

The AO and Cardholder are expected to know their duties relative to the Purchase Card Program. Department of the Navy employees, both civilian and military, must ensure that their Purchase Card transactions are necessary, proper and reasonable.

As the AO, you are responsible for verifying that all your cardholders' transactions are necessary government purchases acquired in accordance with the FAR and other government agency policies. Click the forward arrow now and we'll review a list of some of these policies.

# Primary Regulations

- Federal Acquisition Regulation (FAR), Part 13
- Defense Federal Acquisition Regulations (DFAR) Supplement, Part 213
- Federal Management Regulations (FMR), Volume 5, Chapter 33
- Navy Acquisition Procedures Supplement 5213
- General Services Administration (GSA) SmartPay Contract GS-23F-98006
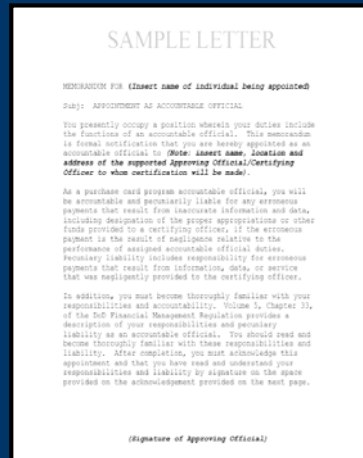- DON CCPMDINST 4200.1B

14     November 2005

In order to meet your responsibilities as an AO, you must be familiar with the FAR, Part 13 and other relevant policies.  Listed here are the primary regulations that govern the Purchase Card Program. You should review these regulations and have them available as references.

During the verification process, you must also be familiar with the Cardholder's authorized transaction types and Merchant Category Code blocks. We will now review the Cardholder's authorized transaction types.   Click the forward arrow to continue

# Accountable Official
### *Sample Letter*

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- Approving Official issues letter to Cardholder designating him/her as "Accountable Officials"

- A sample "Appointment as Accountable Official" letter is included in the DON CCPMDINST 4200.1B

SAMPLE LETTER

MEMORANDUM FOR *(Insert name of individual being appointed)*

Subj:  APPOINTMENT AS ACCOUNTABLE OFFICIAL

You presently occupy a position wherein your duties include the functions of an accountable official. This memorandum is formal notification that you are hereby appointed as an accountable official to *(Note: insert name, location and address of the supported Approving Official/Certifying Officer to whom certification will be made)*.

As a purchase card program accountable official, you will be accountable and pecuniarily liable for any erroneous payments that result from inaccurate information and data, including designation of the proper appropriations or other funds provided to a certifying officer, if the erroneous payment is the result of negligence relative to the performance of assigned accountable official duties. Pecuniary liability includes responsibility for erroneous payments that result from information, data, or service that was negligently provided to the certifying officer.

In addition, you must become thoroughly familiar with your responsibilities and accountability. Volume 5, Chapter 33, of the DoD Financial Management Regulation provides a description of your responsibilities and pecuniary liability as an accountable official. You should read and become thoroughly familiar with these responsibilities and liability. After completion, you must acknowledge this appointment and that you have read and understand your responsibilities and liability by signature on the space provided on the acknowledgement provided on the next page.

*(Signature of Approving Official)*

15                          November 2005

The DON Purchase Card Program instruction directs all Approving Officials to notify all of their Cardholders that they, the Cardholders, are Accountable Officials.   The AO is required to issue a letter to each cardholder designating them as an accountable official.   A sample letter is shown here and is available from the DON Purchase Card Program website.

The letter officially notifies the cardholder that he or she has pecuniary liability for any erroneous payments that may result from inaccurate information and data as a result of the cardholder's negligence.

Click the forward arrow to continue.

# Authorized Transaction Documentation

## Authorization documented in:

- Cardholder's account

- Delegation of authority document

16                    November 2005

The types of transactions that the Cardholder is authorized to make are documented in at least two places - the Cardholder's account information with the bank and in the cardholder's Delegation of Authority document.    These are the only types of transactions that the cardholder is authorized to execute.

Now, let's look at a topic called Merchant Category Codes or, simply, MCCs.  Click the forward arrow to continue.

# Merchant Category Codes (MCC) Blocks

- Prohibit Purchase Card use at certain merchant/vendor types

- Automatically applied during account setup

- APC authorized to set further MCC restrictions

17                    November 2005

Merchant Category Code, or MCC blocks, prohibit the Cardholder from using their Purchase Card at certain, unauthorized categories of merchants and vendors. Currently, a Department of the Navy list of MCC blocks is in place and is automatically applied to a Cardholder's account profile at the time the account is established.    APCs can further limit Cardholder transactions by adding other MCCs to the cardholders account profile.    This can be done by individual account or by activity.

Click the forward arrow to see the two types of financial limits which are placed on an account.

# Purchase Card Dollar Limits

- Single Purchase Limit

- Billing Cycle Purchase Limit (30-Day limit)

- Use the DON CCPMDINST 4200.1B for guidance when setting these limits.

**DON CCPMDINST**

**4200.1B**
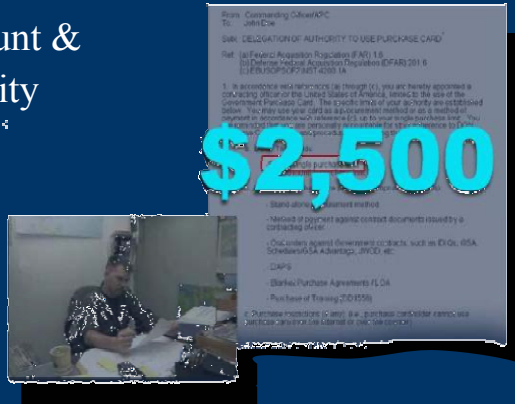
18                    November 2005

There are 2 main financial limits associated with a Purchase Card account – they are, the single purchase limit and the billing cycle, or 30-day, purchase limit. These limits should be established for each Cardholder account through a conscious thought process and not simply by default. Use the CCPMD Purchase Card Instruction for guidance when setting these limits. The main point is that these limits should not simply be allowed to default to their maximum values. The limits should be established through a thoughtful process based on the cardholder's purchasing needs.

Let's review the details of the Single Purchase limit. Click the forward arrow to continue.

The first, most basic limit is the single purchase limit. Each Cardholder's Purchase Card account and delegation of authority document includes this amount. The AO can recommend the single purchase limit. The maximum value for the single purchase limit is $2,500 for Cardholders limited to using the card as a purchase method. This is the micro-purchase threshold limit.

The single purchase limit can be much higher than $2,500 when the purchase card is used as a method of payment. Click the forward arrow for two examples.

# Single Purchase Limit



$100,000 as a method of payment to government supply sources or for properly issued simplified acquisitions

$5,000,000 for commercial items, using FAR 13.5 procedures

$9,999,900 for orders issued against GSA schedule contracts

20                                    November 2005

The single purchase limit increases to $100,000 when the card is used as a method of payment to government supply sources, or for properly issued simplified acquisitions. For commercial items, the maximum is $5,000,000 when using the FAR 13.5 procedures. This includes Purchase Orders and Blanket Purchase Agreement calls. The maximum increases to $9,999,900 for orders issued against GSA schedule contracts.

Please click the forward arrow to continue.

# Method of Payment for IDTCs

Use Purchase Card as a method of payment for *__Indefinite Delivery Type Contracts__* (IDTCs):

✓ If delivery order is properly issued

✓ For up to $9,999,900

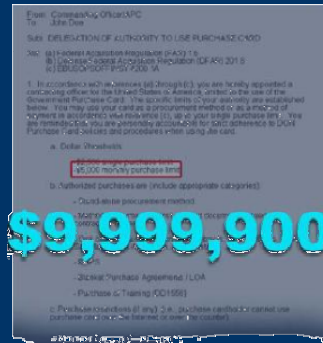21                          November 2005

The Purchase Card may be used as a method of payment against Indefinite Delivery Type Contracts if the delivery order is properly issued and the amount does not exceed $9,999,900.

Now let's take a look at the billing cycle limit.  Please click the forward arrow to continue.

Each Cardholder account profile and delegation of authority document includes a billing cycle purchase limit. This limit is the maximum amount the Cardholder is authorized to spend during the Purchase Card billing cycle. The billing cycle limit may be assigned in increments of $100 up to $9,999,900.

Independent of your account limits, the purchase card should not be used to pay for products before they are delivered.   There are, however, situations when advanced payment is allowed. Click the forward arrow for a discussion of advanced payments.

# Advance Payments

*Policy:* Advanced payments are prohibited!

*Exceptions:*

– Subscriptions for publications
  - Navy Times, Federal Contracts Reporter, etc.
  - Minimum for operational requirements
  - Must have certification from senior official that subscription is necessary for operational purposes
– Post office box rentals
– Tuition, as authorized by 10 U. S. C. 2396 (a) (3)

23                      November 2005

The general rule is that advance payments are prohibited.    There are exceptions such as subscriptions for publications such as the Navy Times, Federal Contracts Reporter and the Commercial Clearing House.   Other exceptions include post office box rentals and tuition, as authorized by the United States Code listed here.    Even though subscriptions are an exception to this policy, they must be held to a minimum consistent with operational requirements.  Accordingly, each subscription request must contain certification by the senior official at the requesting command that the magazine or periodical is absolutely necessary for operational purposes.

Please click the forward arrow for more information regarding the tuition exception.

**Advance Payment Policy**
# Exception for Tuition

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## *Applicable Policies & Regulations*

- **U.S. Code, Title 10, Section 2396 (a) (3)**
  "An advance … may be made to pay for tuition"
- **NAVSUP 4200.85**
  Tuition is listed as an exception in SAP policy
- **DOD FMR, Volume 10, Chapter 4**
  "Miscellaneous Advance Payments", paragraph 040107 entitled <u>Tuition</u>, states "For instructions on payment procedures, refer to paragraph 120212"

24    November 2005

The Office of the Law Revision Counsel prepares and publishes the United States Code, which is a consolidation and codification by subject matter of the general and permanent laws of the United States.   Title 10, Section 2396 of the U.S. Code states, "An advance under an appropriation to the Department of Defense may be made to pay for  tuition."

Tuition is also listed as an exception in the Simplified Acquisition Procedures policy, namely, NAVSUP 4200.85 under the list of prohibited and special attention items for SAP.   Further Tuition guidance is contained in DoD Financial Management Regulation, Volume 10, Chapter 4, "MISCELLANEOUS ADVANCE PAYMENTS" in the paragraphs listed here.

Click the forward arrow to continue.

# AO's Responsibilities as the Certifying Officer

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The first three of six responsibilities :

- Accuracy of information stated in supporting documents/records

- Computation of certified voucher under sections 3528 and 3325 of title 31, US code

- Legality of proposed payment

25                                       November 2005

A Purchase Card Program Approving Official is the program's certifying officer. In this role, the AO has six main responsibilities.   The first three are listed here.   1) The  AO is responsible for the accuracy of information stated in vouchers and the accuracy of supporting documents and records. 2) The AO is responsible for the computation of the certified vouchers under US Code listed here. And 3) the AO is responsible for the legality of the proposed payments.

The AO is, in the true sense of the word, certifying that the government's money should be used to pay the cardholder's statement.   Click the forward arrow to review three more Certifying Officer responsibilities of the AO.

# AO's Responsibilities as the Certifying Officer

The last three of six responsibilities :

- Providing advice to accountable officials
- Seeking fiscal decisions from legal counsel
- Repaying payments that:
    - Are determined illegal, improper or incorrect due to an inaccurate/misleading certificate
    - Are prohibited by law
    - Do not represent a legal obligation

26                                    November 2005

The three remaining Certifying Officer responsibilities are listed here.   They are providing advice to accountable officials,  seeking fiscal decisions from legal counsel and  potentially repaying improperly certified payments.   Let's take a closer look at this last responsibility.

An Approving Official could be required to repay the government for an improper payment; here are three examples of suck a situation.    If a payment is determined illegal, improper, or incorrect because of an inaccurate or misleading certificate, the AO may be required to repay the government.    If a payment is prohibited by law or does not represent a legal obligation under the involved appropriation, the AO may be required to make restitution.

Click the forward arrow to review this lessons objectives.

DON Purchase Card Certification Course

# Lesson 2, Part II Learning Objectives

Upon successful completion of this lesson, you will be able to:

- List primary Purchase Card Program regulations  (REVIEW)

- Location of Cardholder transaction authorization  (REVIEW)

- Function of Merchant Category Code blocks  (REVIEW)

- Two main Cardholder purchase limits  (REVIEW)

- Method of payment, Single purchase limit to government supply source for simplified acquisition  (REVIEW)

- Criteria for Purchase Card as IDTC method of payment  (REVIEW)

- Responsibilities of AO as the Certifying Officer  (REVIEW)

27                          November 2005

This concludes part 2 of lesson 2 which discussed Purchase Card Program rules and procedures important to the AO.

Before proceeding, read over the training objectives listed here.   When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are confident that you understand these objectives, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 2, Part II

# Cardholder Management

United States of America — SmartPay
For Official US Government Purchases Only
US Government Tax Exempt

0000 0000 0033 0200
VALID FROM     EXPIRATION DATE
01/97   01/31/99
JOHN SMITH

**WinSALTS Approving Official Course**

28                          November 2005

Congratulations! You have completed Lesson 2, Cardholder Management.  Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Lesson 3 to continue your training.

DON Purchase Card Certification Course
Lesson 3

# Administration and Record Keeping

**WinSALTS Approving Official Course**

1

November 2005

In the previous lesson, we discussed Cardholder Management, reviewing and reconciling Cardholder statements, and billing statement accuracy.
This lesson presents the Approving Official's responsibilities for program administration and record keeping.

Let's take a look at the objectives for this lesson.  Please click the forward arrow to continue.

DON Purchase Card Certification Course

# Lesson 3 Learning Objectives

Upon successful completion of this lesson, you will be able to:

- State the retention requirements for financial and purchase-related records
- State who is responsible for retention of Cardholder records when a Cardholder leaves
- State who is responsible for notifying the APC to close Purchase Card accounts when the Cardholder is transferred, terminated or retires
- State who is responsible for notifying the APC of lost or stolen Purchase Cards

2

November 2005

This lesson includes objectives on administration and record keeping.  Before proceeding, read over these training objectives.   When you finish this course, you will be tested on these objectives and the objectives of the other lessons.   When you are confident that you understand these objectives, click the forward arrow to continue.

The first topic of this lesson is maintaining Purchase Card documentation.

# Maintaining Purchase Card Records

- Purchase Card transaction records must be retained in accordance with government standards

- Financial records – *6 years and 3 months*

- Purchase-related records – *minimum 3 years*

3

November 2005

There are two major categories of documentation and each has its own requirement for maintenance. Financial records, such as monthly invoices and bank statements, must be retained for 6 years and 3 months.    AOs, APCs, and Cardholders must maintain purchase-related records, such as Purchase Card Logs and requisitions, for a minimum of 3 years. Let's look at the AO's responsibilities to maintain this documentation.

Please click the forward arrow to continue.

# Maintaining Purchase Card Records

*Maintain all transaction documentation when Cardholder leaves role and associated duty.*

These records include:

- Copies of itemized sales receipts supporting Purchase Card transactions

- Vendor documentation to support proof of sale

4

November 2005

As the AO, you are responsible for the maintenance of all Cardholder transaction documentation when they leave their role and its associated duties. The Cardholder's records are filed per the statutory requirements just discussed.

The Cardholder is responsible for providing you with copies of itemized sales receipts, or other sales documents supporting Purchase Card transactions. This may include, but is not limited to, charge slips, cash register receipts, and packing lists. They also provide vendor documentation to support the proof of sale, as it is later used to verify the transactions shown on the statement. If this information is not available, you must attach an explanation to the statement during the reconciliation process.

Click the forward arrow now for a discussion of closing Purchase Card accounts.

# Closing Purchase Card Accounts

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- Cardholder no longer needs a card account

- Cardholder transferred, terminated or retires

- Notify APC if no longer serving in capacity of AO

5

November 2005

It is your responsibility as the AO to notify the APC when any of the following situations occur, so the associated Purchase Card account can be cancelled.   The first situation is when a Cardholder no longer needs a card account.    Next, when a Cardholder is transferred, terminated or retires.    In addition to Cardholder account closing notifications, you must also notify the APC if you are no longer serving in the capacity as an AO.

These situations are for the most part known in advance and can be scheduled.   On the other hand, what if a purchase card or card account information is lost or stolen; what is the appropriate action by the AO under these circumstances?   Please click the forward arrow to continue.

*Card Account Information*

# Protect It!

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- Protect physical card *and* account information

- Secure all documents that contain account numbers or expiration dates

- Do NOT transmit account information via fax or email

6

November 2005

It is the responsibility of each Purchase Cardholder to physically secure their purchase card and its account information. The cardholder must take care to protect not only the physical card but also to protect the vital card information. The cardholder needs to secure all documents that contain card numbers and expiration dates. Additionally, cardholders may not transmit their account information via fax or email.

As the AO, be sure to emphasize these point with your cardholders. If a cardholder's account is compromised, the AO must ensure that the bank and the APC are notified immediately so the account can be closed. Please click the forward arrow to continue.

*Safeguarding Card Account Information*
# Transaction Types

Counter

- Over the Counter

Phone

- Over the Phone

- Over the Internet
  Internet
  – User ID, authentication
    and data encryption
  – SSL-encrypted protection
  – Use of online ordering systems
    without encryption is PROHIBITED

7

November 2005

The type of purchase card transaction can greatly effect the security of the transaction and the exposure of the cardholder's account information to potential compromise. There are three "Transaction Types" by which a cardholder can execute a purchase. They are 1) "Over-the-Counter" where the cardholder makes the purchase at the vendor's location, 2) "Over-the-phone" and 3) "Over-the-Internet". The "Over-the-Internet" transaction type requires a cardholder to ensure that appropriate safeguards are taken.

When a cardholder places an Internet order, user identification, authentication and data encryption are important factors in safeguarding cardholder information. Cardholders shall only place online orders with organizations providing SSL-encrypted protection. Cardholders must use a browser providing at least 128-bit encryption. This would include Microsoft's Internet Explorer, version 5.5 or newer and Netscape Navigator, version 4.76 and above. Use of online ordering systems that do not provide encryption is prohibited. The cardholder shall comply with the commercial vendor's authentication and identification requirements such as passwords, identification, and PIN #.

Even if a cardholder follows all appropriate precautions, an account can be compromised. Click the forward arrow to review appropriate procedures for such a situation.

# Lost or Stolen Purchase Card

- Immediately contact APC

- Citibank Help Desk
  (800) 790-7206, option 2

- For international calls,
  call collect …
  (904) 954-7850

Citibank System Support Help desk
**(800) 790-7206**

International calls (call collect)
**(904) 954-7850**

8

November 2005

Purchase Cards considered lost or stolen must be dealt with immediately. It is your responsibility to notify the APC of lost or stolen Purchase Cards. The APC has the responsibility and authority to suspend or cancel Purchase Cards that have been compromised.

The Cardholder will most likely be the first to realize that a card is missing and should immediately call the Citibank Help Desk at the toll free number shown here.   International callers can use this 904 number and call collect.

Now, let's review this lesson's objectives; click the forward arrow now.

DON Purchase Card Certification Course

# Review of Objectives

You should now be able to:

- State the retention requirements for financial and purchase-related records  (REVIEW)
- State who is responsible for retention of Cardholder records when a Cardholder leaves  (REVIEW)
- State who is responsible for notifying the APC to close Purchase Card accounts when the Cardholder is transferred, terminated or retires  (REVIEW)
- State who is responsible for notifying the APC of lost or stolen Purchase Cards  (REVIEW)

9

November 2005

This concludes Lesson 3 of the Purchase Card Approving Official Certification course. Take a minute to review this lesson's objectives.   If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic.   When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to continue.

DON Purchase Card Certification Course
Lesson 3

# Administration and
# Record Keeping

**WinSALTS Approving Official Course**

10                    November 2005

Congratulations! You have completed Lesson 3, Administration and Record Keeping.  Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Lesson 4 to continue your training.

DON Purchase Card Certification Course
Lesson 4

# Program Oversight

**WinSALTS Approving Official Course**

1

November 2005

In previous lessons, we discussed Cardholder management and AO responsibility for reviewing and reconciling Cardholder statements. We also covered the importance of record keeping and Purchase Card account administration.

This lesson covers 2 topics on program oversight.    Let's take a look at the objectives for this lesson; click the forward arrow now.

DON Purchase Card Certification Course

# Lesson 4 Learning Objectives

Upon successful completion of this lesson, you will be able to:

- State who is responsible for ensuring that all Cardholder purchases were appropriate and that the charges are accurate

- State the policy for reporting unauthorized purchases

- State notification procedures for unauthorized purchase indicating non-compliance, fraud, misuse and/or abuse

2

November 2005

This lesson covers three objectives on program oversight. Before proceeding, read the objectives listed here. When you finish this course, you will be tested on these objectives and the objectives of the other lessons. When you are ready to continue, click the forward arrow.

The first topic discusses the resolution of questionable purchases.

# Resolving Questionable Disputes

- Ensure all Cardholder's purchases are appropriate and charges accurate

- Resolve all questionable purchases with Cardholder

- Notify APC and other appropriate personnel within the command, in accordance with Internal Operating Procedures

3

November 2005

The AO certifies the cardholder statement and gives the "OK" for the government to pay the bill. Therefore, the AO is responsible for ensuring that all Cardholder purchases are appropriate and that the charges are accurate.   As an AO, you must also resolve any questionable purchases with the Cardholder.

In the event an unauthorized purchase is detected, you must notify the APC and other appropriate personnel within the command, in accordance with the activity's Internal Operating Procedures.

Please click the forward arrow to continue.

# Resolving Questionable Disputes

- Sign Cardholder's monthly statement

- Maintain documentation in accordance with agency procedures

- Certify Purchase Card accounts' monthly invoices

4

November 2005

After any questionable transactions are resolved, the AO should sign the Cardholder's monthly statement and maintain the associated documentation, in accordance with agency procedures.   In addition, the AO is responsible for certifying the Purchase Card account monthly invoices for payment.

In the process of reviewing a cardholder's statement, the AO may detect some impropriety.   Click the forward arrow to review appropriate actions for such situations.

# Actions for Improprieties

Notify the Commanding Officer and APC of suspected unauthorized purchases indicating:

- Non-compliance
- Fraud
- Misuse
- Abuse

5

November 2005

If you discover any improprieties in Purchase Card transactions, you must notify the Commanding Officer and the APC immediately. Improprieties include the discovery of any suspected, unauthorized purchases that appear to be fraud, misuse or abuse of the Purchase Card program.

Click the forward arrow to review this lesson's objectives.

DON Purchase Card Certification Course

# Review of Objectives

You should now be able to:

- State who is responsible for ensuring that all Cardholder purchases were appropriate and that the charges are accurate (REVIEW)

- State the policy for reporting unauthorized purchases (REVIEW)

- State notification procedures for unauthorized purchase indicating non-compliance, fraud, misuse and/or abuse (REVIEW)

6

November 2005

This concludes Lesson 4 of your Purchase Card AO course. Take a minute to review this lesson's objectives. If necessary, you can click on the word "REVIEW" to return to the relevant area of the training to review that topic. When you are finished reviewing a topic, click the "RETURN" arrow icon in the navigation toolbar to return to this page of the course.

When you are confident that you understand the material, click the forward arrow to proceed.

DON Purchase Card Certification Course
Lesson 4

# Program Oversight

WinSALTS Approving Official Course

7                                    November 2005

Congratulations!  You have completed Lesson 4, Program Oversight.   This is the last lesson of your Purchase Card Approving Official Certification Course and you are now ready to take the certification test and then to print your Certificate of Completion.     Click on the "HOME' icon in the navigation toolbar to close this lesson and return to the main menu.   At the Main Menu, click on Certification Test which will take you to the testing web site.  Good luck with the test.